

**FOR IMMEDIATE RELEASE**

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## **Challenges for Change School Budget Reduction Targets Released**

**MONTPELIER** – The Vermont Department of Education mailed FY2012 individualized education spending reduction targets Monday to each supervisory union, supervisory district, and the three technical center districts across the state, as required by Act 146 of the 2010 Legislative session.

The determinations were made at the district levels, but aggregated to the supervisory union level as the law requires. The determinations considered factors outlined in the law, such as per pupil spending, student-to-staff ratios and demonstrated fiscal restraint. The department examined data from the past four budget cycles on

- total education spending,
- spending per equalized pupil,
- student enrollment to direct instruction staff,
- direct instruction staff to administrative staff,
- and student enrollment to administrative staff.

Overall the recommendations are for a 2.34 percent reduction across the state in education spending in order to meet the goal of saving \$23.2 million dollars. District-level recommendations range from a 0.5 percent reduction to a 2.68 percent reduction.<sup>1</sup>

“We expect most school districts and supervisory unions to take these recommendations seriously,” said Commissioner Vilaseca. “And they will do their best to meet them, just as they responsibly reduced spending last year. This is new territory, both for our department and for local school districts.”

The boards of each supervisory union and district shall notify the commissioner on or before December 15, 2010 whether their combined budgets will meet the recommended reductions. By January 15, 2011, the commissioner shall report to the legislative education committees the total projected amount of FY2012 budgets, with a detailed proposal by which the Legislature can ensure the targets will be met.

See Page 76, sections E1 and E2, for this specific requirement at <http://www.leg.state.vt.us/DOCS/2010/ACTS/ACT146.PDF>. A complete explanation of the formula begins on the following page.

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<sup>1</sup> Act 146 directs: “In order to achieve a two-percent reduction in education spending statewide, the commissioner of education shall determine and allocate a recommended individualized amount of reductions in FY 2012 education spending to each supervisory union and to each technical center district, which in the aggregate shall total \$23,200,000.00.”

## Challenges for Change School Budget Reduction Targets Calculations

### Overview

Section E2 of Act 146 of the 2010 Legislative session specifies that FY2012 education spending will be reduced by \$23,200,000 from the FY2011 level, while achieving the outcomes for education listed in section E1. The commissioner of education is directed to develop reduction targets for each supervisory union and technical center school district.

These targets were developed by looking at the member districts of supervisory unions, the supervisory unions themselves, and the three technical center school districts. Additionally, supervisory costs for Supervisory Districts were removed from the school costs (e.g., supervisory costs for the Montpelier Supervisory District were removed from the Montpelier School District costs).

### Entities excluded

School districts excluded from these targets were districts that:

1. did not operate a school and tuitioned all grades;
2. belonged to a union school and tuitioned all other grades;
3. were members of two unions offering combined grades K – 12;
4. were members of joint school agreements as individuals but data were aggregated to the joint school level and were included; and
5. unorganized towns and gores.

### Data elements

Data used were the most recent available for the following elements and are as reported by the districts:

1. education spending (FY08-FY11);
2. equalized pupils as calculated with the maximum allowable 3.5% loss (FY08-FY11);
3. enrollments (FY07-FY10); and
4. teacher / staff data (FY07-FY10)
  - a. direct instruction – all licensed teachers in the classroom;
  - b. administrative and support staff – central office staff personnel for both school and general administration, including paid teachers aides.

Education spending for school districts was decreased by supervisory union assessments, costs for grades tuitioned, capital debt, and costs for technical center students.

### Factors used

The above data elements were used in the following six factors:

1. netted education spending (after removal of aforementioned costs);
2. netted education spending per equalized pupil;
3. enrollment per direct instruction staff FTEs;
4. enrollment per administration and support staff FTEs;
5. direct instruction FTEs per administration and support staff FTEs; and
6. netted education spending as a percent of total netted education spending, applied to the aggregated weights from 10 - 14.

### **Brief overview of methodology**

For any given data element, the percent change between any two consecutive years was calculated (i.e., the percent change in netted education spending from FY2010 to FY2011). Percent changes were capped at plus or minus 50 percent to compensate for very large percentage changes resulting from small changes in very small districts. Additionally, some data were either clearly entered incorrectly or not entered at all, resulting in very large or low percentage changes.

The four years of data resulted in three percentage changes. Those three changes were averaged for a district. Again, to accommodate small districts, the averages were capped at plus or minus one standard deviation from the mean. As supervisory unions are different from school districts and perform different functions, a separate mean and standard deviation was calculated and used for supervisory unions and supervisory districts. School districts and the three technical center school districts used a mean and a standard deviation based on their combined data.

The resulting average (capped if necessary) was divided by the relevant group mean to normalize the data. This figure became the weight for any given factor. The exception was the factor for direct instruction FTEs per administration and support staff FTEs. That factor had a low mean for the school district and technical center (0.15%), resulting in disproportionately large weights for a modest average (e.g., with a mean of 0.15%, an average of 10% results in a weight of 67). Therefore, the DI per Admin & Support weight was decreased by a factor of 0.50 to mitigate the effect of the small mean.

Weights from the various factors were aggregated. To account for the varying magnitudes of education spending (Burlington versus Eden, for example), the total weights for a district were multiplied by the ratio of the district's netted education spending to the netted education spending as a whole.

Some districts had a negative total weight, resulting in a negative factor after applying the relative netted education spending factor. Statistically, it is valid to add a constant to transform the negative values to positive. This was done by adding a constant of 1 to all weighted totals. This result was then multiplied against the ratio of the required \$23,200,000 reduction versus the netted education spending total (2.348%), to give a weighted percentage for reduction.

That weighted percentage was multiplied by the netted education spending for all districts, SUs, SDs, and technical center districts. The aggregated targets for the State exceeded the \$23,200,000, so a reduction factor of the legislated target divided by the calculated target state total was applied to each district, bringing the targets to the \$23,200,000 figure.

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### Range of Weighted Targets vs. Flat Percentage (2.35%)

